

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: February 27, 2008
Executive Summary
Request for Initial Resolution Approval

Prepared by: *Michael Smith*

Applicant: TAMCO and/or its Affiliates	Amount Requested: \$30,000,000
Project: Rancho Cucamonga	Application No.: 809
Location: (San Bernardino County), CA	Initial Resolution No.: 08-03

Type of Business: TAMCO and/or its Affiliates (the “Company”) is a steel mini-mill that recycles ferrous scrap metal into concrete reinforcing bars (rebar) used in the construction of buildings, freeways, bridges, parking garages and other concrete structures throughout the western United States.

Project Description: The Company plans to construct and equip a new Bag House facility (the “Project”) to cost not more than \$30,000,000 as part of an overall expansion and modernization of its facility. The projected cost of the expansion is approximately \$100,000,000 (including the tax-exempt portion of the project). TAMCO purchases steel scrap metal which it melts in an arc furnace. The emissions of the melting process have traces of cadmium, lead and other metals. These emissions are then evacuated into the Bag House where it is filtered to collect recyclable cadmium, lead, iron, and zinc before being shipped to a hazardous waste processing facility. Capturing the emissions from the scrap metal melting process keeps the metals from entering the atmosphere.

Bag House equipment that will be financed centers around core assets that capture, cool, store and transport the hazardous solid waste stream that emanates from the production of rebar. The Project will replace the current Bag House system at the current site of the Company.

Pollution Control and/or Waste Diversion: The Company represents the Project will generate the pollution control benefits described below.

Waste Diversion. TAMCO states the Bag House is 99% efficient in removing hazardous waste from the emissions of the metal melting process.

Environmental Benefits: The Company represents that the Project is designed to generate the environmental benefits described below.

Air Quality. Improved air quality is realized by the development, construction and installation of a Bag House facility that better captures the hazardous dust stream that stems from rebar production.

Energy Efficiency. The new Bag House will be more energy efficient. TAMCO believes that the Bag House will qualify for an energy efficiency rebate from Southern California Edison Company.

Recycling of Commodities. Recycling of commodities, such as iron, zinc, lead and cadmium, is realized by the Bag House filtration of the solid waste stream, retaining those materials of value and otherwise reducing the hazardous waste that is land-filled.

Climate Change. In response to promulgation of California State Assembly Bill AB32, TAMCO has joined the California Climate Action Registry to voluntarily report its greenhouse gas (GHG) emissions and has been named a Climate Action Leader by the Registry. TAMCO has been taking steps to reduce its GHG emissions through efficient use of energy in its operation.

Permits: The Company will provide the Authority with copies of all required discretionary permits prior to requesting approval for Final Resolution. The South Coast Air Quality Management District must issue: 1) an Authority to Construct and 2) a Permit to Operate (after equipment has been installed, tested and meets expectations).

Financing Details: The Company anticipates a negotiated tax-exempt, weekly reset, variable rate bond issue with a term not to exceed 30 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit provided by Bank of America, N.A., rated at least “A-” by Fitch Rating Agency or equivalent. The target date for financing is October 2008.

Financing Team:

Underwriter: Banc of America Securities, LLC
Bond Counsel: Orrick, Herrington & Sutcliffe, LLC
Issuer’s Counsel: Office of the Attorney General

Legal Questionnaire: The Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Staff Recommendation: Staff recommends approval of Initial Resolution No. 08-03 for TAMCO and/or its affiliates for an amount not to exceed \$30,000,000.

Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.

TAMCO and/or its Affiliates
Bond Amount: \$30,000,000
Rancho Cucamonga
(San Bernardino County), CA
Application No. 809
February 27, 2008

STAFF SUMMARY – CPCFA

Prepared by: *Michael Smith*

ISSUE:

TAMCO and/or its Affiliates (the “Company”) requests approval of Initial Resolution number 08-03 for an amount not to exceed \$30,000,000 to finance the purchase of equipment and to expand and rehabilitate an existing building.

CDLAC Allocation. The Company anticipates applying for CDLAC allocation by Third Quarter 2008.

BORROWER:

TAMCO and/or its Affiliates (the “Company”) is a steel mini-mill that recycles ferrous scrap metal into concrete reinforcing bars (rebar) used in the construction of buildings, freeways, bridges, parking garages and other concrete structures throughout the western United States.

The principal stockholders of the Company are as follows:

Ameron International Corporation.....	25%
Mitsui & Co. (U.S.A.), Inc.....	50%
Tokyo Steel Mfg. Co., Ltd.....	25%
Total:	100%

Legal Questionnaire. The Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Prior Actions and Financings. None.

PROJECT INFORMATION:

The Company plans to construct and equip a new Bag House facility (the “Project”) to cost not more than \$30,000,000 as part of an overall expansion and modernization of their facility. The projected cost of the expansion is approximately \$100,000,000 (including the tax-exempt portion of the project). TAMCO purchases steel scrap metal which it melts in an arc furnace. The emissions of the melting process have traces of cadmium, lead and other metals. These emissions are then evacuated into the Bag House facility where it is filtered to collect recyclable cadmium, lead, iron, and zinc before being shipped to a hazardous waste processing facility. Capturing the emissions from the scrap metal melting process keeps the metals from entering the atmosphere.

Bag House equipment that will be financed centers around core assets that capture, cool, store and transport the hazardous solid waste stream that emanates from the production of rebar. The Project will replace the current Bag House system at the current site of the Company.

The anticipated Project costs for the tax-exempt portion and issuance costs are listed below:

New Equipment	\$25,660,000
Rehabilitation of existing building.....	1,000,000
Engineering, Permits, Contingency	2,765,000
Bond Issuance	575,000
Total:	<u>\$30,000,000</u>

POLLUTION CONTROL AND/OR WASTE DIVERSION:

The Company represents that the Project will generate the pollution control benefits described below.

Waste Diversion. TAMCO states the Bag House is 99% efficient in removing hazardous waste from the emissions of the metal melting process.

ENVIRONMENTAL BENEFITS:

The Company represents that the Project is designed to generate the environmental benefits described below.

Air Quality. Improved air quality is realized by the development, construction and installation of a Bag House facility that better captures the hazardous dust stream that stems from rebar production.

Energy Efficiency. The new Bag House will be more energy efficient. TAMCO believes that the Bag House will qualify for an energy efficiency rebate from Southern California Edison Company.

Recycling of Commodities. Recycling of commodities, such as iron, zinc, lead and cadmium, is realized by the Bag House filtration of the solid waste stream, retaining those materials of value and otherwise reducing the hazardous waste that is land-filled.

Climate Change. In response to promulgation of California State Assembly Bill AB32, TAMCO has joined the California Climate Action Registry to voluntarily report its greenhouse gas (GHG) emissions and has been named a Climate Action Leader by the Registry. TAMCO has been taking steps to reduce its GHG emissions through efficient use of energy in its operation.

PERMITTING & ENVIRONMENTAL APPROVALS:

The Company will provide the Authority with copies of all required discretionary permits prior to requesting approval for Final Resolution. The South Coast Air Quality Management District must issue: 1) an Authority to Construct and 2) a Permit to Operate (after equipment has been installed, tested and meets expectations).

ANTICIPATED TIMELINE:

The Company expects to commence site preparation and equipment ordering in the second quarter of 2008; apply for volume cap and complete its tax-exempt financing by Third Quarter 2008; and complete the project by First Quarter of 2009.

FINANCING DETAILS:

The Company anticipates a negotiated tax-exempt, weekly reset, variable rate bond issue with a term not to exceed 30 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit provided by Bank of America, N.A., rated at least “A-” by Fitch Rating Agency or equivalent. The target date for financing is October 2008.

FINANCING TEAM:

Underwriter: Banc of America Securities, LLC
Bond Counsel: Orrick, Herrington & Sutcliffe, LLC
Issuer’s Counsel: Office of the Attorney General

RECOMMENDATION:

Staff recommends approval of Initial Resolution No. 08-03 for TAMCO and/or its affiliates for an amount not to exceed \$30,000,000.

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
TAMCO AND/OR ITS AFFILIATES**

February 27, 2008

WHEREAS, the California Pollution Control Financing Authority ("Authority"), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act ("Act") to issue bonds for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities; and

WHEREAS, TAMCO, a California corporation (the "Applicant"), and/or its affiliates (collectively, the "Company") has submitted an application (the "Application") requesting that the Authority assist in financing the acquisition and construction of a facility to capture, filter and dispose of dust emissions from the melting of scrap metal, as more fully described in the Application (collectively, the "Project") to be owned and operated by the Company, and have presented an estimate of the maximum cost of such Project as shown in Exhibit "A" attached hereto; and

WHEREAS, the Authority desires to encourage the Company to provide solid waste disposal facilities and equipment which will serve the public of the State; and

WHEREAS, the Authority deems it necessary and advisable to further the purposes of the Act that the Project be acquired at the earliest practicable date, but the Company requires satisfactory assurances from the Authority that the proceeds of the sale of bonds of the Authority will be made available to finance such Project; and

WHEREAS, the Company expects to incur or pay from its own funds certain expenditures in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, subject to meeting all the conditions set forth in this resolution the Authority reasonably expects that debt obligations in an amount not expected to exceed \$30,000,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Company for its prior expenditures for the Project; and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority as follows:

Section 1. The Authority finds and determines that the foregoing recitals are true and correct. For purposes of this Resolution, an "Affiliate" of the Applicant means any person or entity

which controls, is controlled by, or is under common control with, the Applicant, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise. An Affiliate shall also be a "participating party" as defined in the Act.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$30,000,000 principal amount of bonds of the Authority for the Project; including for the purpose of reimbursing to the Company costs incurred for the Project prior to the issuance of the bonds.

Section 3. The bonds will be payable solely from the revenues to be received by the Authority pursuant to a loan agreement or other agreements to be entered into between the Authority and the Company in connection with the Project. Each bond shall contain a statement to the following effect:

"Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof or local agency is pledged to the payment of the principal of, premium, if any, or any interest on this bond."

Section 4. The bonds shall be issued subject to the conditions that (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the bonds and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the bond proceeds to finance the Project; (ii) all requisite governmental approvals shall have first been obtained; (iii) a Final Resolution shall have been received from the Authority; and (iv) an allocation shall have been received from the California Debt Limit Allocation Committee for any portion of the bonds which are to be sold as exempt from federal income tax.

Section 5. The Executive Director of the Authority is hereby authorized to indicate the willingness of the Authority to proceed with and effect such financing in order to assist the Company by defraying the cost of the Project, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and to meeting all other requirements of the Authority.

Section 6. It is intended that this Resolution shall constitute "some other similar official action" towards the issuance of bonds within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and "official intent" within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended.

Section 7. This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, this Resolution shall cease to be effective on February 27, 2011 unless the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution. The Authority will consider such extension upon receiving a specific request for such action from the Company, accompanied by any additional information requested by the Authority to supplement the Company's application, and an explanation of the status of the Project.

EXHIBIT A

NUMBER: 809

LOCATION: 12459-B Arrow Route, Rancho Cucamonga, CA 91739

TYPE: Pollution Control and Solid Waste Disposal

AMOUNT: Up to \$30,000,000